

BEFORE THE TENNESSEE REGULATORY AUTHORITY AT

NASHVILLE, TENNESSEE

September 24, 2002

IN RE:

APPLICATION FOR APPROVAL OF THE TRANSFER OF
CONTROL OF ITC^DELTACOM COMMUNICATIONS,
INC. d/b/a ITC^DELTACOM

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) DOCKET NO.
) 02-00847
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ORDER APPROVING TRANSFER OF AUTHORITY

This matter came before Chairman Sara Kyle, Director Deborah Taylor Tate, and Director Ron Jones of the Tennessee Regulatory Authority (the "Authority" or "TRA"), the voting panel assigned to this docket, at the regularly scheduled Authority Conference held on September 9, 2002 for consideration of the *Application for Authority for Transfer of Control of ITC^DeltaCom Communications, Inc.* (the "*Application*") filed by ITC^DeltaCom, Inc. and ITC^DeltaCom Communications, Inc., pursuant to the provisions of Tenn. Code Ann. § 65-4-113, for approval of a transfer of the authority to provide utility services currently held by ITC^DeltaCom Communications, Inc.

Requirement of and Standards for Authority Approval

Tenn. Code Ann. § 65-4-113 requires a public utility to obtain Authority approval to transfer its authority to provide utility services. Tenn. Code Ann. § 65-4-113(a) provides as follows:

- (a) No public utility, as defined in § 65-4-101, shall transfer all or any part of its authority to provide utility services, derived from its certificate of public convenience and necessity issued by the authority,

to any individual, partnership, corporation or other entity without first obtaining the approval of the authority.

Tenn. Code Ann. § 65-4-113(b) provides the standards by which the Authority shall consider an application for transfer of authority, in pertinent part, as follows:

(b) Upon petition for approval of the transfer of authority to provide utility services, the authority shall take into consideration all relevant factors, including, but not limited to, the suitability, the financial responsibility, and capability of the proposed transferee to perform efficiently the utility services to be transferred and the benefit to the consuming public to be gained from the transfer. . . .

The Application

In the *Application*, which was filed on August 9, 2002, ITC^DeltaCom Communications, Inc. d/b/a ITC^DeltaCom ("DeltaCom") and ITC^DeltaCom, Inc. request Authority approval of a transfer of control of DeltaCom from ITC^DeltaCom, Inc., Debtor-in-Possession to ITC^DeltaCom, Inc. The *Application* states that this transfer is part of a plan of reorganization, currently being considered by the United States Bankruptcy Court, that will permit ITC^DeltaCom, Inc.'s operating subsidiary, DeltaCom, to continue to provide competitive telecommunications services. The transfer will be accomplished through a stock transfer as described in the *Application*.

According to the *Application*, DeltaCom is an Alabama Corporation that is a wholly-owned subsidiary of Interstate FiberNet, Inc., which is wholly-owned by ITC^DeltaCom, Inc., Debtor-in-Possession. DeltaCom is authorized to provide long distance telecommunications services in all fifty (50) states, including Tennessee. DeltaCom received its authority to provide long distance services in Tennessee by Order dated September 8, 1995 in Tennessee Public Service Commission Docket No. 95-02826 and received its authority to provide competitive local services in Tennessee by Order dated January 2, 1997 in Authority Docket No. 96-01431.

The *Application* states that pursuant to the reorganization plan, ITC^DeltaCom, Inc., Debtor-in-Possession will emerge from bankruptcy with a revised ownership structure as ITC^DeltaCom, Inc. ITC^DeltaCom, Inc. will remain the same corporate entity, but will no longer be a debtor-in-possession, and it will have a new corporate charter. The *Application* further states that the transfer will be seamless to DeltaCom's customers. DeltaCom's name, rates, and service offerings, as reflected in its tariff, will not change as a result of the proposed transaction, and there will be no interruption of service.

Public Interest Considerations

The *Application* states that the proposed transfer of control will serve the public interest by allowing ITC^DeltaCom, Inc., Debtor-in-Possession to emerge from bankruptcy with a revised ownership structure and improved capitalization and allow ITC^DeltaCom, Inc., Debtor-in-Possession's operating subsidiary, DeltaCom, to provide uninterrupted telecommunications services to its existing customers. Further, the proposed transaction is pro-competitive as it will permit DeltaCom to continue to offer services in competition with other providers, including the incumbent local provider.

Findings

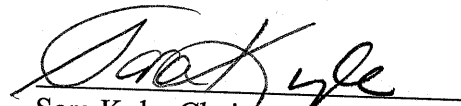
The voting panel considered this matter at the September 9, 2002 Authority Conference. Based upon careful consideration of the *Application* and of the entire record of this matter, the voting panel finds and concludes as follows:

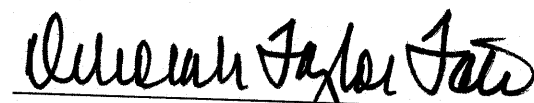
1. The Authority has jurisdiction over the subject matter of this *Application* pursuant to Tenn. Code Ann. § 65-4-113;
2. ITC^DeltaCom Communications, Inc. d/b/a ITC^DeltaCom has been granted authority to provide telecommunications services in Tennessee;

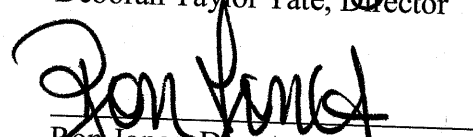
3. A reorganization of the parent company of ITC^DeltaCom Communications, Inc. d/b/a ITC^DeltaCom will transfer control of this company from ITC^DeltaCom, Inc., Debtor-in-Possession to ITC^DeltaCom, Inc., resulting in a transfer of the authority granted ITC^DeltaCom Communications, Inc. d/b/a ITC^DeltaCom to provide utility services; and
4. The transfer of authority will benefit the consuming public.

IT IS THEREFORE ORDERED THAT:

The *Application* of ITC^DeltaCom Communications, Inc. d/b/a ITC^DeltaCom and ITC^DeltaCom, Inc. for approval of the transfer of authority described herein is approved.


Sara Kyle, Chairman


Deborah Taylor Tate, Director


Ron Jones, Director